

News

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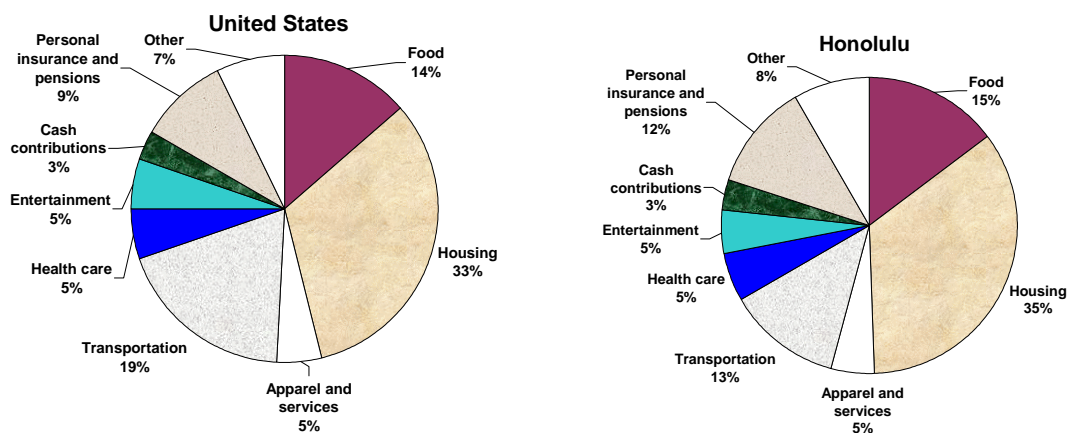
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CONSUMER SPENDING PATTERNS IN HONOLULU, 1998-99

Consumer units¹ in the Honolulu, Hawaii, metropolitan area spent an average of \$42,474 per year in 1998-99, about 17 percent more than the national average according to the latest results from the Bureau of Labor Statistics' Consumer Expenditure Survey. Regional Commissioner Stanley P. Stephenson noted that food, housing, and transportation accounted for 62 percent of consumer spending in the area, slightly below the 65 percent share of a typical U.S. household. The average household in Honolulu reported income of \$53,537, before taxes, and was comprised of 2.9 persons and 1.5 wage earners. (See table 1.)

Chart A. Percent distribution of total average expenditures, United States and Honolulu, 1998-99.



"Other" includes alcoholic beverages, personal care, reading, education, tobacco & supplies, and miscellaneous goods and services.

¹ See Technical Note for definition of a consumer unit. The terms consumer unit and household are used interchangeably throughout the text for convenience.

Honolulu area residents spent well above the national average in most expenditure categories. Among the more costlier expenditures in Honolulu, food purchases were 28 percent higher and housing costs 23.9 percent above that for the nation. Transportation expenses, on the other hand, were 21.4 percent lower in Honolulu than for the country, with area households spending far less than the nationwide average on vehicle purchases but considerably more for public transit.

This report contains annual data averaged over a two-year period, 1998 and 1999. The data are from the Consumer Expenditure Survey (CEX), which is conducted on an ongoing basis by the Bureau of Labor Statistics (BLS). The Bureau of the Census collects the survey data for BLS. The CEX is the only national survey that provides both complete data on household expenditures and the demographic characteristics of those households. Survey data cannot be used to make cost of living comparisons between areas. Expenditure levels vary among areas not only because of economic factors such as the price of goods and services and family income, but also because of differences such as the age of the population, climate, consumer tastes, family size, etc. However, a comparison of expenditure shares (or the percentage of a consumer unit's budget spent on a particular item) is acceptable. (Table 2 presents data for Honolulu as well as the eight other metropolitan areas in the West region.) Average expenditures are based on the consumer unit. An individual consumer unit may spend more or less than the average, depending on its particular characteristics.

On average, spending on housing accounted for 34.6 percent of total household expenditures in the Honolulu area. Nationally, households spent 32.7 percent of their budget on housing in the 1998-99 period. The majority (68.7 percent) of housing expenditures in Honolulu went for shelter, which includes mortgage interest, property taxes, repairs, and rent, among other items. Only 13.8 percent of the cost of housing went towards utilities, fuels, and services. The expenditure share for shelter was considerably higher than the national average, while the share for utilities, fuels, and services was much lower. The rate of homeownership in Honolulu, at 57 percent, was well below the nationwide average of 65 percent.

Food was the second largest expenditure category in the Honolulu area, accounting for 14.8 percent of a household's budget. Nationally, food purchases ranked third and accounted for 13.6 percent of a consumer unit's expenses. (Transportation was the second largest expenditure category for the nation.) Households in Honolulu spent a larger share of their total food budget on food prepared away from home, such as restaurant meals, carry-outs, board at school, and catered affairs, than did those nationally--45.7 percent versus 42.1 percent.

Transportation accounted for 12.6 percent of total expenditures in the Honolulu area, considerably below the 18.8 percent spent nationally. Households in Honolulu allocated only 18.5 percent of their transportation budget for purchasing a vehicle compared to 46 percent of all consumer units nationwide. However, those in Honolulu spent a much larger portion of their transportation expenditures on public transportation (19.3 percent) than did those nationally (6.1 percent).

Payments for personal insurance and pensions accounted for 11.5 percent of the typical Honolulu household budget, higher than the 9.4 percent spent nationally. However, expenditure shares for health

care (5.2 percent), entertainment (4.9 percent), apparel (4.7 percent) and cash contributions (3.3 percent) were the same or not much different from the national average.

Additional Data Available

Honolulu is one of nine metropolitan areas in the West region for which CEX data are available. Data tables are also available for the four Census regions and the nation. Additional CEX tables are offered on the BLS Internet site <http://www.bls.gov/csxhome.htm> in both text and PDF formats. For personal assistance or further information on the Consumer Expenditure Survey, as well as other Bureau programs, contact the San Francisco Information Office at 415-975-4350.

Technical Note

The current Consumer Expenditure Survey (CEX) program began in 1980. Its principal objective is to collect information on the buying habits of American consumers. The consumer expenditure data are used in wide varieties of research by government, business, labor, and academic analysts. The data are also required for periodic revision of the Consumer Price Index (CPI).

The survey consists of two components, a Diary or recordkeeping survey, and an Interview survey. The Diary survey, completed by participating consumer units for two consecutive 1-week periods, collects data on frequently purchased, smaller items. The Interview survey, in which the expenditures of consumer units are obtained in five interviews conducted every 3 months, collects data for larger-cost items and expenditures that occur on a regular basis. The U.S. Bureau of the Census collects the survey data.

Each component of the survey queries an independent sample of consumer units which is representative of the U.S. population. Over the year, about 7,500 consumer units are sampled for the Diary survey. The Interview sample is conducted on a rotating panel basis, with about 7,500 consumer units participating each quarter. The data are collected on an ongoing basis in 105 areas of the country.

The integrated data from the BLS Diary and Interview surveys provide a complete accounting of consumer expenditures and income, which neither survey component alone is designed to do. Due to changes in the survey sample frame, metropolitan area data in this release are not directly comparable to those prior to 1996-97.

The expenditure data in this release should be interpreted with care. The expenditures are averages for consumer units with the specified characteristics, regardless of whether or not a specific unit incurred an expense for that specific item during the recording period. The average expenditure may be considerably lower than the expenditure by those consumer units that purchased the item. This study is not intended as a comparative cost of living survey as neither the quantity nor the quality of goods and services has been held constant among areas. Differences may result from variations in demographic characteristics such as consumer unit size, age, preferences, income levels, etc. Users should keep in mind that prices for many goods and services have risen since the survey was conducted.

In addition, sample surveys are subject to two types of errors. Sampling errors occur because the data are collected from a representative sample rather than the entire population. Nonsampling errors result from the inability or unwillingness of respondents to provide correct information, differences in interviewer ability, mistakes in recording or coding, or other processing errors. The year-to-year changes are volatile and should be interpreted carefully.

Some expenditure components are subject to large fluctuations from one year to the next because these components include expensive items that relatively few consumers purchase each year. Thus, shifts from year to year in the number of consumers making such purchases can have a large effect on average expenditures. Examples of these types of expenses are purchases of new cars and trucks in the transportation component, and spending on boats and recreational vehicles in the entertainment component.

The Metropolitan Statistical Areas (MSAs) covered by the Consumer Expenditure Survey represent areas designated by the U.S. Office of Management and Budget and are based on definitions in effect as of December 1992. The general concept of an MSA is one of a large population nucleus, together with adjacent communities which have a high degree of economic and social integration with that nucleus. The following metropolitan area is discussed in this release:

Honolulu, Hawaii MSA which is comprised of Honolulu County, HI.

The Consumer Expenditure Survey also provides data for the four regions of the country as defined the U.S. Bureau of the Census—Northeast, South, Midwest, and West. Data for metropolitan areas presented in table 2 of this release are part of the West region which includes the states of Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

Definitions

Consumer unit - a single person living alone or sharing a household with others but who is financially independent; members of a household related by blood, marriage, adoption, or other legal arrangement; or two or more persons living together who share responsibility for at least 2 out of 3 major types of expenses - food, housing, and other expenses. The terms household or consumer unit are used interchangeably for convenience.

Complete income reporter - in general, a consumer unit that provides values for at least one of the major sources of its income such as wages and salaries, self-employment income, or Social Security income. Even complete income reporters may not have provided a full accounting of all income from all sources.

Expenditures - consist of the transaction costs, including excise and sales taxes, of goods and services acquired during the interview or recordkeeping period. Expenditure estimates include expenditures for gifts, but exclude purchases or portions of purchases directly assignable to business purposes. Also excluded are periodic credit or installment payments on goods or services already

acquired. The full cost of each purchase is recorded even though full payment may not have been made at the date of purchase

Income before taxes - the total money earnings and selected money receipts during the 12 months prior to the interview date.

Table 1. Average annual expenditures and characteristics of all consumer units, U.S. average, and Honolulu, HI, metropolitan statistical areas, Consumer Expenditure Survey, 1998-99

Item	United States Average	Honolulu
Income before taxes 1/.....	\$42,770	\$53,537
Age of reference person.....	47.8	51.9
Earners.....	1.3	1.5
Vehicles.....	1.9	1.7
Homeowner.....	65.0	57.0
Average annual expenditures.....	\$36,251	\$42,474
Food.....	4,921	6,300
Food at home.....	2,848	3,423
Cereals and bakery products.....	437	501
Meats, poultry, fish, and eggs.....	736	935
Dairy products.....	312	298
Fruits and vegetables.....	486	690
Other food at home.....	877	999
Food away from home.....	2,073	2,877
Alcoholic beverages.....	313	406
Housing.....	11,843	14,676
Shelter.....	6,849	10,079
Owned dwellings.....	4,386	6,156
Rented dwellings.....	2,002	3,403
Other lodging.....	461	520
Utilities, fuels, and public services.....	2,391	2,032
Household operations.....	606	514
Housekeeping supplies.....	490	554
Household furnishings and equipment.....	1,506	1,497
Apparel and services.....	1,708	1,995
Transportation.....	6,815	5,354
Vehicle purchases (net outlay).....	3,136	999
Gasoline and motor oil.....	1,036	1,060
Other vehicle expenses.....	2,230	2,262
Public transportation.....	413	1,033
Health care.....	1,931	2,188
Entertainment.....	1,844	2,083
Personal care products and services.....	405	638
Reading.....	160	193
Education.....	607	1,147
Tobacco products and smoking supplies.....	287	217
Miscellaneous.....	864	978
Cash contributions.....	1,145	1,410
Personal insurance and pensions.....	3,409	4,890

1/ Components of income and taxes are derived from "complete income reporters" only.

Table 2. Distribution of expenditures, U.S. average, West region 1/, and West region metropolitan statistical areas, Consumer Expenditure Survey, 1998-99

Item	United States Average	West	Honolulu	Los Angeles	San Francisco	San Diego	Portland	Seattle	Anchorage	Phoenix	Denver
Average annual expenditures.....	\$36,251	\$40,647	\$42,474	\$43,192	\$51,015	\$44,179	\$43,331	\$44,065	\$50,955	\$40,167	\$44,413
Percent distribution:	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Food.....	13.6	13.1	14.8	12.0	13.6	12.0	13.5	13.8	12.3	12.4	11.6
Alcoholic beverages.....	0.9	0.9	1.0	0.7	1.0	1.0	1.0	1.2	1.0	1.1	1.1
Housing.....	32.7	33.8	34.6	36.9	35.4	36.8	32.0	33.8	34.1	32.1	34.7
Apparel and services.....	4.7	4.6	4.7	5.0	4.8	4.6	3.9	4.4	3.8	5.1	4.4
Transportation.....	18.8	18.3	12.6	17.5	16.0	19.4	18.7	17.4	18.2	20.4	18.5
Health care.....	5.3	4.6	5.2	4.1	3.5	4.2	4.2	4.4	4.6	5.0	4.3
Entertainment.....	5.1	5.3	4.9	4.4	4.7	6.1	5.3	6.9	7.0	5.1	5.8
Personal care products and services.....	1.1	1.1	1.5	1.1	1.1	1.2	1.0	1.2	1.0	1.1	0.9
Reading.....	0.4	0.4	0.5	0.3	0.5	0.4	0.5	0.6	0.6	0.5	0.5
Education.....	1.7	1.7	2.7	1.5	1.7	0.9	1.7	1.4	1.1	1.3	1.4
Tobacco products and smoking supplies.....	0.8	0.5	0.5	0.4	0.4	0.4	0.6	0.7	0.8	0.6	0.6
Miscellaneous.....	2.4	2.6	2.3	3.0	2.2	1.9	1.9	2.5	2.9	2.4	3.0
Cash contributions.....	3.2	3.3	3.3	3.1	4.0	1.9	4.7	2.0	2.4	3.8	2.2
Personal insurance and pensions.....	9.4	9.8	11.5	9.9	11.0	9.2	11.1	9.8	10.1	9.0	10.8